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PART III.

Legislative Measures and Rules thereunder.

NOTIFICATION.

No. R. 3057—*Agri.* 135-05-8, *dated* 18*th November* 1908

General Rules framed under Section 10 of the Mysore Land Improvement Loans Regulation (No. IV of 1890), and Section 194 of the Mysore Land Revenue Code, (Regulation No. IV of 1888).

In exercise of the powers conferred by Section 10 of the Land Improvement Loans Regulation (IV of 1890), and Section 194 of the Land Revenue Code (Regulation No. IV of 1888) and in supersession of the Rules contained at pages 326-29 and 334-39 of the Mysore Revenue Manual (1901), Part I, and those contained in Government Proceedings No. R. 2548-56, dated 10th December 1901 (as amended by Notification No. R. 4605—Agri. 28-05-2, dated 19th October 1905), the Government of His Highness the Maharaja of Mysore are pleased to frame the following revised rules, under the said enactments. These rules shall not, except as herein below provided, affect the *special* rules contained in Notification No. D. 70 B., dated 4th

January 1892, for the grant of loans for the construction and improvement of Saguvali kattes :—

Objects for which and limits up to which loans may be granted.

I. (*a*) Loans of money for the following objects may be granted to holders of land subject to the limits specified hereunder.

Objects for which loans may be granted	Amount which may be granted	
	Maximum	Minimum
	Rs.	Rs.
(A) Under the Land Improvement Loans Regulation, IV of 1890—		
For the construction or repair of wells or tanks, the reclamation of waste or any other work by which the letting value of land for purposes of agriculture will be permanently increased and such as are mentioned as "improvement" in clause (a) of sub-section 4 of the Land Improvement Loans Regulation or as the Government may, from time to time, by notification in the official Gazette declare to be improvements for the purposes of the aforesaid Regulation ...	No limit	50
(B) Under Section 194 of the Mysore Land Revenue Code,—		
(i) For the purchase of—		
(a) seed grain (including seed sugar-cane, seed plantains, etc) ;		
(b) ploughing cattle (including cattle used for raising water and carting manure);	200	No minimum
(c) horse and pony stallions and breeding bulls ;		
(d) fodder for cattle ;		
(e) manure.		
(ii) For other agricultural objects, such as,—		
(a) the building of houses (including sheds) by cultivators in tracts newly made available for occupation ;		
(b) the rebuilding of houses destroyed by fire or flood ;	1,000	Do
(c) agricultural implements (including carts)		
(d) erection of indigo vats and such like appliances for dealing with raw agricultural produce ;		
(e) erection of double mhotes or other contrivances, for raising water ;		
(iii) (a) for the erection of sugar-cane mills ; or		
(b) for the purchase of other agricultural machinery not specified above (such as boilers, oil-gas engines.)	5,000	Do
(iv) for the relief of distress when the existence of such distress has been recognized by Government, to enable holders of land and their dependants to subsist until the ripening of the next harvest	200	Do

II. The Officers mentioned below shall be competent to sanction loans not exceeding the sums specified against them :—

	For purposes under the Land Improvement Loans Regulation	For purposes under Section 194 of the Land Revenue Code
	Rs.	Rs.
Amildars (including Deputy Amildars)	100	50
Sub-Divisional Assistant Commissioners	200	100
Deputy Commissioners	500	500
Revenue Commissioner	2,500	1,000

Explanation.—An officer is not precluded by this rule from granting several loans to the same individual, although the aggregate amount thereof may exceed the maximum prescribed. Such loans shall, however, be for distinct purposes and be covered by separate and independent security.

III. The rate of interest charged shall be 5 per cent per annum, except on loans granted for the relief of distress. In the latter case interest shall be charged at 3 per cent which may be remitted by the Deputy Commissioner at his discretion, in case of borrowers who are known to be poor.

Rate of interest.

The Government may, if they see fit, grant loans in special cases at reduced interest or without interest.

IV. Interest shall accrue from the date of disbursement of the loan. If the loan is disbursed in instalments, interest on each instalment shall run from the date of the disbursement of such instalment.

Period allowed for repayment and mode of recovery of loan.

V. Loans shall be repayable by fixed annual payments discharging both principal and interest, calculated according to the table appended to these rules.

Simple interest shall be charged on the loan, or if it is disbursed in instalments, on these instalments, up to the date one year previous to the date fixed for commencement of repayment; and the total amount comprising the loan and such interest shall be recovered by annuities as calculated from the said table.

The time allowed for repayment of the loans and the amount of instalments shall be fixed by the Deputy Commissioner (or other officer granting the loan) with reference to the circumstances of the borrower and the object of the loan, regard being had to the probable durability of the works proposed to be constructed, the nature of the appliances proposed to be set up, and the value or sufficiency of the security tendered, but so as not to exceed the maximum limits specified below :—

(A) In the case of loans under the Land Improvement Loans Regulation—

(i) for the construction or repair of wells ... ... 30 years.

(ii) for other purposes—

if the loan does not exceed Rs. 500 ... ... 10 ,,

if the loan exceeds Rs. 500 but does not exceed Rs. 1,000. 15 ,,

if the loan exceeds Rs. 1,000 ... ... 20 ,,

(B) For loans under Section 194 of the Land Revenue Code—

(i) for the purchase of seed grains ... ... 1 ,,

(ii) for the relief of distress and for the purchase of agricultural implements or machinery ... ... 3 ,,

(iii) for any other purpose ... ... 10 ,,

The time for repayment specified above shall count from the date of the payment of the loan, or where the loan is paid by instalments, from the date of payment of the last instalment and shall be liable to revision under Rules XIII and XXXII.

Provided that nothing in this rule shall be taken to preclude a borrower from discharging the loan at an earlier period or from paying a larger amount than the annual instalment. The excess so paid shall be credited in reduction of principal, and the number of future payments shall, if necessary, be decreased, but no reduction in the amount of the instalments fixed under paragraph 2 of this rule shall on this account be allowed.

VI. The date for repayment of each instalment should be fixed so as to coincide with the date of one of the land revenue khists of the taluk. But the date for the repayment of the first instalment shall be so fixed as to avoid the exaction of the same before the date when by the exercise of due diligence the profits of the improvement might be expected to cover the repayment; and it shall not be demanded within less than twelve months and shall not be put off for more than two years and a half from the date of disbursement of the loan, or if the loan is disbursed in instalments, from the date of disbursement of the last instalment.

If in any special case the sanctioning authority considers that the work will not begin to yield a return in two years and a half, a longer interval not exceeding five years may be allowed. In the case of loans granted by Amildars (including Deputy Amildars) and Assistant Commissioners the sanction of the Deputy Commissioner shall be obtained for such extension.

In any case the amount of the annual instalment shall be fixed so as to provide for the repayment of the whole loan with interest within the maximum period from the date of disbursement of the last instalment of the loan shown in Rule V.

Postponement of Repayment and Remissions.

Suspension of repayment.

VII. On proof of failure of the crops of the borrower from causes beyond his control to such an extent as to render the payment of any instalment unduly burdensome to him or in case of other exceptional calamity the repayment of this and all the subsequent instalments may, notwithstanding anything contained in Rules V and VI, be suspended for the period of one instalment.

In cases of loans granted by Amildars (including Deputy Amildars) and Assistant Commissioners or by himself, the Deputy Commissioner may, at his own instance, or, on the recommendation of the subordinate officers, order such suspension in anticipation of sanction. But he shall report all such cases to the Revenue Commissioner who will pass such orders thereon as he may deem proper. All other cases shall be submitted for orders to the Revenue Commissioner, who shall be competent to pass such orders thereon as he may deem proper.

Simple interest at five per cent shall be charged on all suspended instalments for the periods of such suspension.

Remissions.

VIII. The risk of the failure of an improvement should be borne by the borrowers and their sureties and the repayment of a loan granted under these rules shall not be remitted except as hereinafter provided.

IX. When in the case of a loan under the Land Improvement Loans Regulation, the work fails from causes beyond the borrower's control and when the recovery of the loan in full would occasion serious hardship to the borrower, the Revenue Commissioner shall be competent to sanction the remission of the outstanding instalments or a part of them if the amount involved does not exceed Rs. 100, any remission above this limit being subject to the orders of Government.

X. On every instalment which is not paid before the close of the revenue year in which payment falls due, interest at 6¼ per cent will be charged from the date on which payment ought to have been made. In calculating interest under this rule, a broken period of a month shall count as half a month or one month according as it is less or not less than fifteen days and a fraction of a rupee as half a rupee or one rupee according as it is less or not less than 8 annas.

XI. Repayment may be made either at the Treasury of the taluk in which the land to be improved is situated or the loan is to be utilised, or to the Village Officers if the demand have been included in the borrower's khate.

The Deputy Commissioner may, if he sees fit, also authorise repayment at any other Government Treasury within the district. When repayments at any Treasury other than that of the Taluk in which the land to be improved is situated or the loan is to be utilised are made, the remittance should be accompanied by a memorandum giving full particulars of the amount due, the number and date of the loan order and the provision (whether the Land Improvement Loans Regulation or Section 194 of the Land Revenue Code) under which the loan was taken.

Security.

XII. No loan shall be granted unless the value of the security offered exceeds by at least one-fourth the amount of the loan applied for.

Security.

The nature of the security to be required shall be as follows:—

(*A*) *For loans under the Land Improvement Loans Regulation.*—The land to be improved which must include the site of the work to be constructed.

If the value of the applicant's interest in the land to be improved does not exceed by one-fourth the amount of the loan applied for, collateral security shall be required.

Collateral security shall consist of—

(i) other lands belonging to the applicant; or

(ii) lands belonging to other persons who are willing to become his sureties; or

(iii) both.

(*B*) *For loans under Section 194 of the Land Revenue Code.*—The applicant's saleable interest in lands held by him provided that if the value of such interest does not exceed by one-fourth the amount of the loan applied for, collateral security shall be required and such collateral security shall consist of immoveable property.

(C) When a loan permissible under the Land Improvement Loans Regulation is applied for by the members of a village community or by a group of cultivators on their joint personal security, the Deputy Commissioner may, at his discretion, advance on such security an amount not exceeding five times the annual assessment of the lands registered in the names of the applicants.

Loans under Section 194 of the Land Revenue Code, repayable within two years and not exceeding Rs. 100 in amount may also be granted by the Deputy Commissioner to a group of cultivators on their joint personal security provided that the annual assessment of the lands belonging to the applicants is not less than one-fifth of the loan applied for; Provided that in special cases, the Deputy Commissioner may, subject to the same limits and conditions, grant such loans also to individual applicants on their personal security.

XIII. If at any time the Deputy Commissioner, or other officer granting the loan, is satisfied that any person who has received a loan has failed to perform any of the conditions on which it was made, he may, after recording in writing the grounds of his decision, proceed to recover forthwith from such person or any surety of such person any sums which remain due, together with any interest payable thereon and costs, as arrears of land revenue: Provided that such officer may at his discretion so recover any sum less than the whole balance of the loan without prejudice to his right to recover the remainder of such balance at any subsequent time.

Any decision or order passed by such officer under this rule shall be subject to revision by the Revenue Commissioner whose orders shall be final.

Mode of application.

XIV. An application for a loan may be made in writing or orally, to any Revenue Officer of a grade not lower than that o Amildar or Deputy Amildar. If

written, it shall be in terms of Form No. 1 hereto annexed (printed copies of which shall be available free of cost at all Taluk Offices and with shekdars and shanbhogs), and may be presented in person or sent by post or through the village patel or shanbhog. If an oral application is made, the officer to whom it is preferred shall cause it to be recorded in the prescribed form and signed by the applicant. It shall also be the duty of the shanbhog, if so desired by any applicant, to prepare such applications without fee or charge of any kind.

Every application for a loan for which land or other immovable property is offered as security shall contain a declaration signed by the applicant or his surety, as the case may be, that the statements made therein regarding the nature and extent of the encumbrances on the property offered as security are true and that there no other encumbrances on the property to the best of his information and belief. The application shall also show in the column of remarks in Form 1:—

(i) Whether the applicant proposes to supplement the loan by any private capital, and, if so, to what extent.

(ii) The estimated total cost of the proposed work and the probable period that will be occupied in its construction.

(iii) The advantages expected to result from the work.

(iv) The manner and extent to which the proposed work will affect (favorably or injuriously) adjoining or other lands.

When the foregoing particulars are not entered in the application, the officer to whom it is presented shall ascertain them so far as may be possible from the oral statements of the applicant or otherwise, record them on the application or on a paper to be attached thereto and have them read over to the applicant and acknowledged by him to be correct.

XV. No loan shall be granted without a local enquiry. On receipt of an application, or on an application being referred to him, an Amildar (including Deputy Amildar) or higher officer shall give notice by means of tom-tom in the village that he intends to hold an enquiry into the application and that he will be prepared to receive and consider objections to the grant of the loan. As soon as possible after such notice he shall inspect the land, if any, and make a summary enquiry in the village as to the correctness of the entries in the application.

XVI. The personal attendance of the applicant is not necessary, but he may be required by notice in Form No. 4 hereto annexed or in some similar form, at any time to appear, in person or by duly authorized agent at his option and in case of default the application may be rejected.

XVII. Attention shall be particularly directed to ascertaining the *bona fide* and the solvency of the applicant and the sufficiency of the security offered. Careful enquiry shall be made regarding the rights of the applicant in the lands offered as security, in view to ensuring that the applicant is the real owner, and that the land is free from encumbrances or is not burdened with arrears of land revenue or is not already hypothecated to Government for a loan previously obtained. Similar enquiry shall be made in the case of lands offered by sureties as collateral security, care being taken to see that the surety is not only the registered-holder, but the real owner of the land, and that, if he has a divided interest in the land, it is not charged beyond the extent of his individual interest therein except with the written consent of the joint owners. Except in the case of small loans not exceeding Rs. 50 summarily advanced by Assistant Commissioners under Rule XXX, a reference shall invariably be made to the Registration Department, in Form No. 7 hereto annexed or in some similar form, for an encumbrance certificate in respect of all immovable property offered by the applicant or his sureties whether as primary or as collateral security.

XVIII. Non-official agency may also be employed, wherever it is procurable, to aid in making local enquiries.

XIX. The officer holding a local enquiry into an application for loan shall record the results of his enquiry and also his orders admitting or overruling objections, if any, have been received, in Form No. 6 hereto annexed or in some similar form; and, if he is not himself competent under Rule II to dispose of the application, he shall submit a report in the same form to the authority empowered to do so.

XX. Applications from mortgagees, though in possession, for loans for the improvement of land shall not be complied with.

XXI. When the applicant for a loan for the improvement of land is a tenant claiming to possess an interest, alleged to be transferable, in the land to be improved, and proposes to furnish such interest as security for the loan or any other adequate security, the Deputy Commissioner or other officer granting the loan shall serve a special notice of the application in Form No. 3 hereto annexed or in some similar form, on the landlord personally; or if service on him personally cannot be effected the notice shall be addressed to him by post and a copy of it shall also be affixed to some conspicuous part of his usual residence and to some conspicuous place in the office of the Deputy Commissioner or other officer as aforesaid; or if he does not reside in the District in which the application is made, or if his residence is not known, the notice shall be served on the person who acts as his local agent in respect of the said land. A copy of the notice shall also be affixed on the land and at the village chavadi.

XXII. No such notice shall be deemed to have been served, unless the service is acknowledged by the landlord or his agent, or the fact of its having been duly made in any manner specified above is established to the satisfaction of the Deputy Commissioner or other officer granting the loan. In any case in which the ownership of the land vests in more than one person, and any share-holder therein, or other person, acts as manager on behalf of the share-holders, service on the manager shall be deemed to be service on each of the share-holders.

XXIII. Every such notice shall specify the sum applied for, the nature of the improvement to be made, and the nature of the security proposed for the loan, and shall inform the landlord that, if he desires to raise any objections to the grant of the loan, he must, within one month after service of notice, signify them in writing to the Deputy Commissioner or other officer granting the loan.

If the landlord or his local agent or manager does not signify his objections, or if the Deputy Commissioner or other officer granting the loan, after considering such objections, is of opinion that the applicant has a transferable interest in the land specified in his application and that the value of such interest, either singly or jointly with other security furnished by him, is sufficient for the loan, he may either sanction it or forward the records of the case for the sanction of the higher authority competent to dispose of the application.

If the applicant has no such transferable interest and there is no common understanding as to whether the tenant or the landlord is to have the right of making the improvement, the loan shall be refused unless the landlord consents to the grant thereof.

XXIV. When the work to be undertaken is one requiring professional skill, the applicant may be required to submit to the officer making the local enquiry an accurate plan, specification and estimate for the work. If the applicant is unable to furnish such plan, estimate or specification, the Deputy Commissioner may cause them to be prepared on behalf of the applicant, after requiring him to deposit such sum of money as may be sufficient to cover the cost, or, if he thinks fit, calling upon him to give security for the repayment of the same. In special cases it shall be at the discretion of the Deputy Commissioner to remit such cost.

XXV. When the proposed loan exceeds Rs. 500, the Deputy Commissioner shall obtain from the Executive Engineer his opinion as to the feasibility, probable cost and merits generally, from a professional point of view, of the proposed work; in any other case, it shall be competent to the officer dealing with the application to call for similar professional opinion, should necessity appear.

XXVI. If, after local enquiry and such further investigation as may be deemed necessary, the Deputy Commissioner, or other officer granting the loan, is satisfied that the loan may be granted, he shall record a decision to the effect that the loan asked for, or a less sum, may be given and shall at once issue an order granting the loan. In case of loans exceeding Rs. 500, the loan order will be issued by the Deputy Commissioner after receipt of the sanction of the Revenue Commissioner or the Government as the case may be under Rule II.

Issue of loan order.

XXVII. An order granting a loan shall be in Form No. 8 hereto annexed, and shall be signed by the applicant in token that he understands and agrees to the conditions contained therein. The security bond to be taken when personal security, or collateral security consisting of land or other immovable property is offered by borrowers or sureties shall be in one or other of Forms Nos. 9*a*, 9*b*, 10*a*, and 10*b*, hereto annexed, or in some similar form.

An order rejecting an application for a loan shall be intimated to the applicant by a notice in Form No. 5 hereto annexed or in some similar form.

Disbursement of loans.

XXVIII. In the case of loans for the relief of distress, disbursements shall be made monthly or once every two months. In the case of other loans, the disbursement shall ordinarily be made in two instalments; provided that if the amount of such loan does not exceed Rs. 100, it may, at the discretion of the sanctioning authority, be disbursed in one sum. When an order granting a loan has been issued, every reasonable facility shall be given to the recipient to obtain the money promptly. Officers empowered to grant loans shall endeavour to disburse any sums payable to borrowers during their tours also, after satisfying themselves as to the identity of the persons to whom they disburse the money and that the sums are payable on account of loans duly sanctioned by themselves or by some other officer authorised to sanction such loans, and whether the sums are payable on account of the first or subsequent instalments duly sanctioned.

XXIX. Non-official agency may also be employed, wherever it is procurable, to aid in disbursing money payable on account of loans duly sanctioned.

Summary Grant of Loans.

XXX. Notwithstanding anything contained in Rules XII, XIV and XV, Assistant Commissioners may, while they are on tour and specially in times of scarcity or distress, grant small loans, not exceeding Rs. 50 each, under Section 194 of the Land Revenue Code, for urgent purposes, such as purchase of seed, fodder, ploughing cattle, or agricultural implements, on the application of cultivators jointly or severally, after making a summary enquiry on the spot as to the sufficiency of the security offered. If they are satisfied that the security is sufficient, the amounts payable may be disbursed forthwith on obtaining the necessary bonds of security and receipts of acknowledgment from the borrowers.

Inspection of Works.

XXXI. The works and any accounts kept of the expenditure incurred on them shall be at all times open to the inspection of the Deputy Commissioner or other person authorized by him in that behalf. In the case of loans exceeding Rs. 5,000, the accounts shall be kept by the borrower in the form that the Deputy Commissioner may prescribe.

XXXII. The Deputy Commissioner shall make necessary provision for ensuring that loans granted under these rules are duly applied to the purposes for which they are borrowed and for proper inspection of the works in the course of their construction. If it should be found that the loan was not used for the purposes for which it was borrowed the Deputy Commissioner or other officer granting the loan may proceed to recover the loan under Rule XIII.

All works for which loans are disbursed by instalments shall be inspected and reported upon before each instalment subsequent to the first is paid. If the inspection is made by an officer empowered to sanction the payment of the further instalment, he should record the result of his inspection and if satisfied that a further instalment should be paid, he should, if practicable, disburse the amount forthwith as provided in Rule XXVIII.

All works shall be inspected and reported on as soon as possible after the date fixed for their completion in the order granting the loan. If it should be found that the work has not been carried out in substantial conformity with the proposals made, the officer granting the loan may either require immediate repayment of the whole amount advanced with interest at 5 per cent and costs, if any, or alter the

instalment fixed under Rule V, so as to ensure repayment of the loan within the period for which the work is likely to last. In such cases the original loan order shall be cancelled and a fresh order issued, the former being recovered from the borrower, if possible.

Registers and Accounts.

XXXIII. Every sanctioning officer shall keep a register of applications received and disposed of by him in Form No. 2 hereto annexed.

XXXIV. Every Amildar (including Deputy Amildar) shall keep a register of loans and repayments relating to his taluk in Form No. 11 hereto annexed and such other accounts and statements as may, from time to time, be prescribed by Government. A duplicate of this register shall also be maintained in the office of the Assistant Commissioner in charge of the taluk and in that of the Deputy Commissioner.

Loans for Improvement of a special nature.

XXXV. The Government may, in the case of improvement of a specified kind or kinds, pass special rules for the grant of loans for them, and except to the extent expressly provided for by such special rules, these rules shall apply to the grant and recovery of all such loans.

By Order,
K. S. CHANDRASEKHARA AIYAR,
Secy. to Govt., Gen. & Rev. Depts.